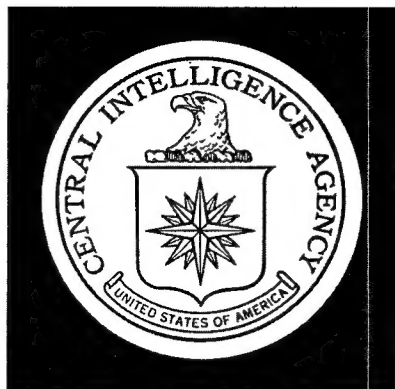


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DIRECTORATE OF
INTELLIGENCE

MEMORANDUM

The Situation in Vietnam

State Department review completed

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8 November 1966

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Information as of 1600
8 November 1966

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HIGHLIGHTS

Deliveries of rice from the delta region of South Vietnam to Saigon during the first nine months of 1966 were 30 percent below deliveries during the corresponding period in 1965.

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I. The Military Situation in South Vietnam: Renewed fighting broke out today in Tay Ninh Province between US and Communist forces as Operation ATTLEBORO continued to sweep the area near War Zone "C" (Paras. 1-3). US forces participating in Operation THAYER II in coastal Binh Dinh Province engaged a Communist force for five hours early today (Paras. 4-5). According to press reports, the Viet Cong kidnaped an entire village in the Mekong Delta province of Vinh Binh (Para. 6).

II. Political Developments in South Vietnam: Premier Ky plans to act soon on the resignations of the six cabinet ministers that have been pending since early October (Paras. 1-2). During its 8 November session, the Constituent Assembly appeared fairly united in its opposition to the government's controversial veto power, but the US Embassy is inclined to believe that a compromise solution will be worked out (Paras. 3-4). The prospects for land reform as a part of Revolutionary Development appear dim (Paras. 5-6). The Viet Cong defector rate is again increasing (Paras. 7-8).

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IV. Other Communist Military Developments: There is nothing of significance to report.

V. Communist Political Developments: There is nothing of significance to report.

VI. Other Major Aspects: Rice deliveries to Saigon from the delta are down almost 30 percent (Paras. 1-2).

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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. Heavy fighting flared up today between American and Communist forces north of Tay Ninh city as the multibattalion US Operation ATTLEBORO continued to sweep Tay Ninh Province near Communist War Zone "C." The Viet Cong force--estimated to number more than 1,000 men--moved from jungle hideouts to attack a battalion-size force of the US 1st Infantry Division. US artillery units pounded the Viet Cong with nearly 2,000 shells while tactical aircraft dropped high-explosive and napalm bombs in advance of the US positions.

2. Following the four-hour battle, enemy casualties in the operation now stand at 758 killed, nine captured, and 54 suspects apprehended. American losses now total 81 killed, 332 wounded, and five missing. Enemy losses also include three rocket launchers, seven machine guns, 19 submachine guns and pistols, 3,000 fragmentation grenades, and 1,000 rifle grenades that were captured and an 80-bed Viet Cong hospital that was destroyed.

3. The fighting in Tay Ninh Province during the past five days--some of the heaviest of the war--may be indicative of a Communist desire to defend and protect various installations and storage areas near their War Zone "C" stronghold.

4. A company of the US 1st Air Cavalry Division clashed early today with a Communist force of unknown size in coastal Binh Dinh Province. The action occurred near the coast several miles south-east of Bong Son, the scene of several battles in past months. US artillery, rocket-firing helicopters, and tactical air strikes against the enemy positions supported the American troops that are a part of the six-battalion Operation THAYER II.

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5. The Communist force--believed to be part of the Viet Cong/North Vietnamese 3rd Division (formerly the 610th)--withdrew after five hours of heavy fighting. Casualties for this action currently stand at one American killed and two wounded as compared with enemy losses of 34 killed. This brings to 218 the number of Communist troops killed since the initiation of this operation on 24 October. Cumulative American losses presently total 26 killed and 111 wounded.

6. The Viet Cong, in an unprecedented act of terrorism, kidnaped an entire village of 100 persons in the Mekong Delta province of Vinh Binh, according to press reports. The inhabitants of the village, which is 60 miles south of Saigon and identified by US authorities as Long Vinh, were routed out during the night and forced at gunpoint to march off into the jungle. South Vietnamese troops entered the village at dawn on 8 November and found it empty.

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. With both the Manila Conference and US elections now out of the way, Premier Ky plans to act on the resignations of six cabinet ministers pending since early October. In addition to Economy Minister Than who was replaced on 27 October, Youth Minister Trieu and Education Minister Truong will be leaving the cabinet. Deputy Premier Nguyen Luu Vien, Labor Minister Hung, and Transport Minister Thuan have agreed to remain. There are conflicting reports on Social Affairs Minister Lieng, and his status has apparently not yet been settled.

2. Settlement of the resignation problem, expected within the next day or two, should serve to stabilize the cabinet somewhat and remove it as a focal point of north-south regional tensions. However, it is not at all certain that the solution will satisfy various southern political elements which continue to be concerned about the concentration of real government power in the hands of a few northerners. Premier Ky may yet appoint a southerner to one of the two positions currently held by General Loan, who recently appeared resigned to such a loss. At any rate, the long-term north-south regional problem will remain, and will undoubtedly influence the formation of broad, national groupings contending for control of next year's constitutional government.

Constituent Assembly Debates Government Veto Power

3. The Constituent Assembly has now begun formal discussion of Article 20--the government's controversial veto power over legislation lacking a two-thirds majority vote. The US Embassy has reported that the assembly appears fairly united in its opposition to the provision as it now stands. However, the degree of such opposition in terms of a desire to provoke or confront the government varies widely, and the embassy believes that the assembly at present is inclined to seek a compromise solution.

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4. Dr. Phan Quang Dan, a northerner and a well-known political independent, played a prominent part in criticizing the veto provision. Arguing that the original rationalization for the provision was the government's desire to guard against pro-Communist or neutralist action, Dan urged that the veto be used only on such issues. Many other delegates, including representatives of every bloc except for the Hoa Hao dominated Alliance Bloc, also spoke against Article 20, demanding that it be abolished or amended. There was no vote taken during today's session, however, and the discussion will resume on 9 November.

Political Obstacles to Revolutionary Development

5. The prospects for land reform under the aegis of the Revolutionary Development (RD) program are poor, according to Colonel Vo Dai Khoi, an assistant to General Nguyen Duc Thang, minister of revolutionary development. The basic problem, in Khoi's view, is that any effort toward land reform would be subject to high-level political pressures. The reason for this is that many of the large landholdings that would have to be broken up for redistribution to individuals belong either to the family or friends of the IV Corps commander, Lieutenant General Dang Van Quang.

6. Khoi believes that the Revolutionary Development Cadres (RDCs) could not start land-reform programs at this time, or even in 1967. His reasoning is that the over-all RDC program must be consolidated throughout the country before any attempt is made to implement a land reform program. Piecemeal or premature efforts to start such programs in other parts of the country would, in Khoi's opinion, only serve to alert Quang and his associates.

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Viet Cong Defectors (Chieu Hoi)

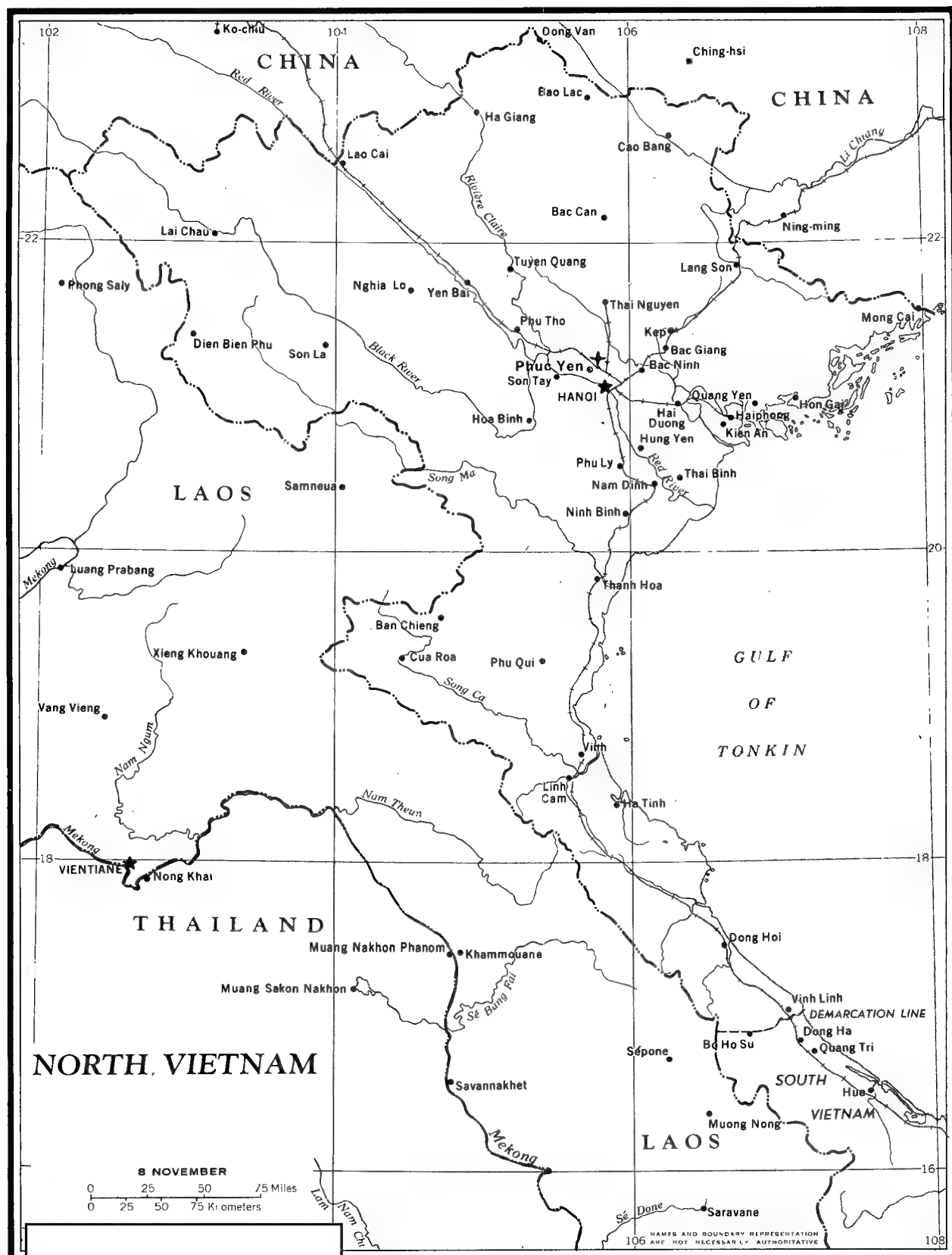
7. A total of 501 Viet Cong returned to government control between 27 October and 2 November. This is the largest number of defectors since early April when the defection rate was also very high. The actual count last week was probably even higher since reports were not received from 12 provinces and the reporting period was cut off at the end of five days due to the celebration of South Vietnam's National Day. A breakdown of defectors by corps follows:

I Corps	48
II Corps	271
III Corps	68
IV Corps	<u>114</u>
TOTAL	501 (271 military)

8. Since the first week in September, defections have been averaging about 294 per week. Among the reasons advanced for the great upsurge in defectors are stepped up GVN/US military operations, especially in II Corps, and augmented psychological warfare operations since late September and throughout October. From January 1966 to 2 November there has been a total of 15,221 defectors. This number exceeds by 4,097 the number of defectors who returned to the government during 1965.

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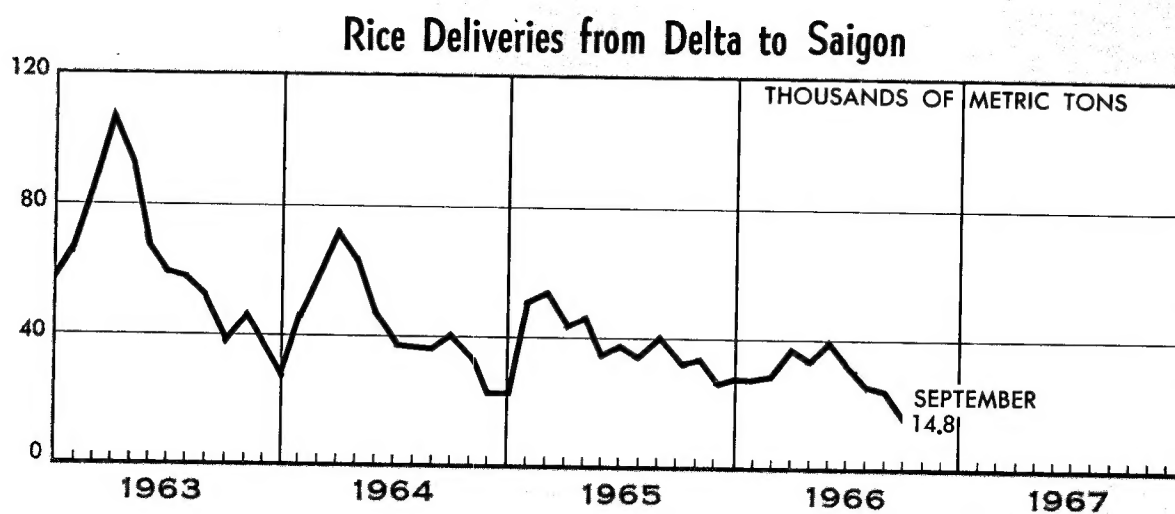
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IV. OTHER COMMUNIST MILITARY DEVELOPMENTS

1. There is nothing of significance to report.

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V. COMMUNIST POLITICAL DEVELOPMENTS

1. There is nothing of significance to report.

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VI. OTHER MAJOR ASPECTSRice Deliveries to Saigon Fall Sharply

1. Deliveries of rice from the delta to Saigon during the first nine months of 1966 amounted to only 256,100 metric tons, or roughly 30 percent below deliveries during the corresponding period of 1965 and almost 50 percent below the January-September average during 1961-64. Moreover, according to embassy estimates, total deliveries for 1966 will amount to only 312,200 metric tons--compared with 449,300 tons in 1965 and an average of 591,700 tons during 1961-64 (see chart). As previously reported, this decline in deliveries stems from several factors, the most important of which include: a decline in production, flood damage, VC taxation and interference with rice movements, hoarding by both merchants and peasants, and illegal shipments to Cambodia.

2. Because of the shortfall in deliveries from the delta, South Vietnam--traditionally a rice exporter--has become a large-scale importer of rice. Imports of rice in 1965 amounted to 130,000 metric tons, and in 1966 these imports will probably rise to 485,000 metric tons. Moreover, according to embassy estimates, imports of rice in 1967 may total 600,000 metric tons as deliveries from the delta fall below the 1966 low.

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